I quoted James Capretta before. He says:

In a very real sense, seniors will be the ones holding the bag from these cuts when they can't access care due to a lack of willing suppliers.

I will close this point by noting that there is another government health care program I am very familiar with because of the large number of Native Americans in Arizona who have access to health care from the Federal Government under the Indian Health Service. In Indian Country, they have a saying that is not really facetious. They say it with a bit of a wry smile on their face, but they are not at all happy. They say: Just get sick before July. The reason is, there is a definite limit on how much the program will pay out. They set a cap at the beginning of the year, and when enough people have gotten sick enough to a certain point in the year, that is the end of the coverage. So they wait until money is available the next year.

That is an oversimplification, but it is what a total single-payer government system does. When we need to cut costs, we reduce the amount of money available. And who suffers? The people to whom we promised care. We see it in the Indian Health Service. We are seeing it now in Medicaid. We are going to see it in Medicare if we are not careful.

That is why we need to repeal the IPAB, the Independent Payment Advisory Board established under ObamaCare. There is legislation introduced to do this. Senator CORNYN and I cosponsored the Health Care Bureaucrats Elimination Act, S. 668, which would eliminate the IPAB. I hope we will have an opportunity to bring that legislation to the floor so that my colleagues can join us in excising this piece of ObamaCare so that our seniors don't suffer from rationed health care. There is a long group of organizations which joins us in our opposition to IPAB, groups such as the American Health Care Association, the American College of Radiology, National Senior Citizens Law Center, National Association of Social Workers, Volunteers of America, and others.

I hope that when the time comes, we will have an opportunity to have a debate about this aspect of ObamaCare. I know the supporters of the health care reform act did not intend this negative result. I am not suggesting that colleagues who supported ObamaCare love seniors any less than I love my mother, and they love their parents and others. That is not the point. Laws have unintended consequences. When we create a mechanism to save money such as this one and constrain it the way we have, I know what we will get, and we will not like it. We will hear from seniors. And before I hear from my mother, I would just as soon get this problem fixed.

EXHIBIT 1

[From the Examiner, Mar. 31, 2011]

UNCOVERED: NEW $2 BILLION BAILOUT IN OBAMACARE

(By Byron York)

Investigators for the House Energy and Commerce Committee have discovered that a little-known provision in the national health care law has allowed the federal government to pay nearly $2 billion to unions, state public employee systems, and big corporations to subsidize health coverage costs for early retirees. At the current rate of payment, the $5 billion appropriated for the program could be exhausted well before it is set to expire.

The discovery came on the eve of an oversight hearing focused on the workings of an obscure agency known as CCIO—the Center for Consumer Information and Insurance Oversight. CCIO, which is part of the Department of Health and Human Services, oversees the implementation of Section 1102 of the Affordable Care Act, which created something called the Early Retiree Reinsurance Program. The legislation called for the program to spend a total of $5 billion, beginning in June 2010—shortly after Obamacare was passed—and ending on January 1, 2014, as the system of national health care exchanges was scheduled to go into effect.

The idea was to subsidize unions, states, and companies that had made commitments to provide health insurance for workers who retired early—between the ages of 55 and 64, before they were eligible for Medicare. According to a new report prepared by the Department of Health and Human Services, ''People in the early retiree age group . . . often face difficulties obtaining insurance in the individual market because of age or chronic conditions that make coverage unaffordable or inaccessible.'' As a result, fewer and fewer organizations have been offering coverage to early retirees; the Early Retiree Reinsurance Program was designed to subsidize such coverage until the creation of Obamacare's health-care exchanges.

The program began making payouts on June 1, 2010. Between that date and the end of 2010, it paid out about $535 million dollars. But according to the new report, the rate of spending has since increased dramatically, to about $1.3 billion just for the first two and a half months of this year. At that rate, it could burn through the entire $5 billion appropriation as early as 2012.

Where is the money going? According to the new report, the biggest single recipient of an early-retiree bailout is the United Auto Workers, which has so far received $206,798,086. Other big recipients include AT&T, which received $140,022,949, and Verizon, which received $91,702,538. General Electric, in the news recently for not paying any U.S. taxes last year, received $36,607,818. General Motors, recipient of a massive government bailout, received $19,002,669.

The program also paid large sums of money to state governments. The Public Employees Retirement System of Ohio received $70,557,764; the Teacher Retirement System of Texas received $68,074,118; the California Public Employees Retirement System, or CalPERS, received $57,834,267; the Georgia Department of Community Health received $57,936,127; and the state of New York received $47,869,044. Other states received lesser but still substantial sums.

But payments to individual states were dwarfed by the payout to the auto workers union, which received more than the states of New York, California, and Texas combined. Other unions also received government funds, including the United Food and Commercial Workers, the United Mine Workers, and the Teamsters.

Republican investigators count the early-retiree program among those that would never have become law had Democrats allowed more scrutiny of Obamacare at the time it was pushed through the House and Senate. Since then, Republicans have kept an eye on the program but were not able to pry any information out of the administration until after the GOP won control of the House last November. Now, finally, they are learning what's going on.

BUDGET GAME-CHANGER

Mr. KYL. Mr. President, finally, I wish to have printed in the RECORD and discuss briefly an op-ed in the Wall Street Journal of today titled ''Time for a Budget Game-Changer.'' This was written by Gary Becker, George P. Shultz, and John Taylor. John Taylor and Gary Becker are both economist professors, Becker at the University of Chicago, Taylor at Stanford. Of course, George Shultz is a former Secretary of Labor, Secretary of the Treasury, and Secretary of State. All three are affiliated with the Hoover Institution. In this article, they present a real answer to the two key problems that face us today.

I ask unanimous consent that this piece be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. KYL. The two key problems are that we don't have enough jobs and we have a very high unemployment rate. We need to get the economy growing, and we are having to borrow far too much money because of government spending. What this piece points out is that there is a direct relationship between the two. That is not too surprising. The bottom line is that government borrowing and spending distorts the market by making less money available for the private sector to invest. If the private sector can invest, jobs can be created and we can grow the economy.

What they do in this piece is create a credible strategy to reduce the growth of Federal government spending, bring the deficit down, and increase economic growth. Those goals are not only not inimical to each other, they actually fit together nicely.

As they point out, the essential first step is to reduce discretionary spending in the current fiscal year, 2011. That is the work the Senate and House are engaged in right now. We will have to pass a continuing resolution to fund the government through the end of September. We can substantially reduce the spending, and they point out how in this op-ed.

The second part is a longer term plan to get total spending as a share of GDP down. They have a plan to do that in a relatively gradual way but that nevertheless provides real, substantial savings over the next 10 years and longer to a point that is consistent with the historical relationship between the revenues the government has collected and the spending the government makes.

Let me quote the first three sentences of their op-ed:

Wanted: A strategy for economic growth, full employment, and deficit reduction—all without inflation. Experience shows how to get there. Credible actions that reduce the rapid growth of federal spending and debt will raise economic growth and lower the unemployment rate. Higher private investment, not more government purchases, is the surest way to increase prosperity.

They go on to point out:

When private investment is high, unemployment is low. In contrast, higher government spending is not associated with lower unemployment.

It is a piece I recommend to all of my colleagues because it establishes—and these are first-rate economists who have done the research and can demonstrate beyond peradventure the direct relationship between reduced government spending and more employment and growth. The bottom line is, if we leave more money in the private sector to be invested by businesses in the private sector, the more they will invest and hire people, and the more the economy will grow. Ironically, the more the economy grows, the more revenues the Federal Government gets because we have more taxes and a higher tax basis.

Private economic growth is good for families and businesses and people seeking jobs as well as for the Federal Government if we are looking for more revenue. The wrong answer is to spend more money in the government, 40-plus cents of which has to be borrowed. Every dollar we spend we have to borrow 40 cents of, half of which is borrowed from countries abroad. That borrowing and spending crowds out opportunities in the private market to do the same.

So there is a direct relationship in terms of how much we can reduce Federal spending on the one hand and how much we can grow the economy on the other. That is what these economists point out—the way for us both in the short term and the longer term to get a handle on both the Federal budget deficit and induce the private sector to invest more, thus reducing unemployment and increasing our economic growth.

I thank the Chair.

EXHIBIT 1

[From the Wall Street Journal, Apr. 4, 2011]

TIME FOR A BUDGET GAME-CHANGER

(By Gary S. Becker, George P. Shultz and John B. Taylor)

Wanted: A strategy for economic growth, full employment, and deficit reduction—all without inflation. Experience shows how to get there. Credible actions that reduce the rapid growth of federal spending and debt will raise economic growth and lower the unemployment rate. Higher private investment, not more government purchases, is the surest way to increase prosperity.

When private investment is high, unemployment is low. In 2006, investment—business fixed investment plus residential investment—as a share of GDP was high, at 17%, and unemployment was low, at 5%. By 2010 private investment as a share of GDP was down to 12%, and unemployment was up to more than 9%. In the year 2000, investment as a share of GDP was 17% while unemployment averaged around 4%. This is a regular pattern.

In contrast, higher government spending is not associated with lower unemployment. For example, when government purchases of goods and services came down as a share of GDP in the 1990s, unemployment didn't rise. In fact it fell, and the higher level of government purchases as a share of GDP since 2000 has clearly not been associated with lower unemployment.

To the extent that government spending crowds out job-creating private investment, it can actually worsen unemployment. Indeed, extensive government efforts to stimulate the economy and reduce joblessness by spending more have failed to reduce joblessness.

Above all, the federal government needs a credible and transparent budget strategy. It's time for a game-changer—a budget action that will stop the recent discretionary spending binge before it gets entrenched in government agencies.

Second, we need to lay out a path for total federal government spending growth for next year and later years that will gradually bring spending into balance with the amount of tax revenues generated in later years by the current tax system. Assurance that the current tax system will remain in place —pending genuine reform in corporate and personal income taxes—will be an immediate stimulus.

All this must be accompanied by an accurate and simple explanation of how the strategy will increase economic growth, an explanation that will counteract scare stories and also allow people outside of government to start making plans, including business plans, to invest and hire. In this respect the budget strategy should be seen in the context of a larger pro-growth, pro-employment government reform strategy.

We can see such a sensible budget strategy starting to emerge. The first step of the strategy is largely being addressed by the House budget plan for 2011, or HR1. Though voted down in its entirety by the Senate, it is now being split up into ''continuing'' resolutions that add up to the same spending levels.

To see how HR1 works, note that discretionary appropriations other than for defense and homeland security were $460.1 billion in 2010, a sharp 22% increase over the $378.4 billion a mere three years ago. HR1 reverses this bulge by bringing these appropriations to $394.5 billion, which is 4% higher than in 2008. Spending growth is greatly reduced under HR1, but it is still enough to cover inflation over those three years.

There is no reason why government agencies—from Treasury and Commerce to the Executive Office of the President—cannot get by with the same amount of funding they had in 2008 plus increases for inflation. Anything less than HR1 would not represent a credible first step. Changes in budget authority convert to government outlays slowly. According to the Congressional Budget Office, outlays will only be $19 billion less in 2011 with HR1, meaning it would take spending to 24% of GDP in 2011 from 24.1% today.

If HR1 is the first step of the strategy, then the second step could come in the form of the budget resolution for 2012 also coming out of the House. We do not know what this will look like, but it is likely to entail a gradual reduction in spending as a share of GDP that would, in a reasonable number of years, lead to a balanced budget without tax rate increases.

To make the path credible, the budget resolution should include instructions to the appropriations subcommittees elaborating changes in government programs that will make the spending goals a reality. These instructions must include a requirement for reforms of the Social Security and health-care systems.

Health-care reform is particularly difficult politically, although absolutely necessary to get long-term government spending under control. This is not the place to go into various ways to make the health-care delivery system cheaper and at the same time much more effective in promoting health. However, it is absolutely essential to make wholesale changes in ObamaCare, and many of its approaches to health reform.

The nearby chart shows an example of a path that brings total federal outlays relative to GDP back to the level of 2007—19.5%. One line shows outlays as a share of GDP under the CEO baseline released on March 18. The other shows the spending path starting with HR1 in 2011. With HR1 federal outlays grow at 2.7% per year from 2010 to 2021 in nominal terms, while nominal GDP is expected to grow by 4.6% per year.

Faster GDP growth will bring a balanced budget more quickly by increasing the growth of tax revenues. Critics will argue that such a budget plan will decrease economic growth and job creation. Some, such as economists at Goldman Sachs and Moody's, have already said that HR1 will lower economic growth by as much as 2% this quarter and the next and cost hundreds of thousands of jobs. But this is highly implausible given the small size of the change in outlays in 2011 under HR1, as shown in the chart. The change in spending is not abrupt, as they claim, but quite gradual.

Those who predict that a gradual and credible plan to lower spending growth will reduce job creation disregard the private investment benefits that come from reducing the threats of higher taxes, higher interest rates and a fiscal crisis. This is the same thinking used to claim that the stimulus package worked. These economic models failed in the 1970s, failed in 2008, and they are still failing.

Control of federal spending and a strategy for ending the deficit will provide assurance that tax rates will not rise—pending tax reform—and that uncontrolled deficits will not recur. This assurance must be the foundation of strategy for a healthy economy.

Mr. KYL. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. COATS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COATS. Mr. President, my understanding is that we are in morning business and I have 10 minutes allocated to me. I may not take that much time.

1099 REPEAL

Mr. COATS. Mr. President, I am here to essentially support the hard work of a colleague, Senator JOHANNS, in bringing to the floor tomorrow a vote to repeal the 1099 provisions in the current health care bill.

As I campaigned throughout the State of Indiana over this past year, meeting with businesspeople and individuals running shops in a small town